

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

v.

ORDER ON PAYMENT
15-cv-45-jdp

LOREN W. HOLZHUETER AND ISC, INC.,

Defendants,

and

HONEFI, LLC,

Relief Defendant.

The independent monitor approved a partial payment of amounts owed by ISC, Inc., to its lawyers, Kravit, Hovel & Krawczyk, S.C., (KHK). The SEC has objected to the payment, Dkt. 32, not because KHK has not earned its fees, but because the SEC does not have enough information to evaluate the impact the payment might have on ISC's investors and creditors. KHK has responded to the objection by assuring the court, by means of Stephen Kravit's declaration, that KHK and the other advisers to ISC have done a bang-up job of saving the company to the benefit of all concerned.

Cutting to the chase: the court will approve the partial payment. I do not expect ISC's advisers to work for free, nor do I expect them to wait until this matter is closed to get paid anything. The SEC has not persuaded me that I should second-guess the independent monitor this time, especially when the independent monitor has approved a relatively modest

partial payment, and the SEC raises no objection to the necessity of the work performed by KHK or its quality.

But the SEC raises a set of legitimate concerns, and I do not intend to cede all oversight to the independent monitor. To answer the semi-rhetorical question that closes KHK's response, the court does not want to be involved every time the independent monitor authorizes a payment to one of ISC's advisers. But when the SEC has a concern, I am prepared to hear it. The objection procedure was part of the process to which the parties agreed, and I see no cause for the indignation that KHK has expressed.

It appears to the court that ISC's financial disclosures to the SEC are late. If there is good reason for delay, as KHK contends, the reasons should be communicated to the SEC and the impediments resolved expeditiously. I am not particularly impressed with the excuse that ISC needs to get its own bank records from the government, but the SEC should provide the information that it agreed to provide. KHK should be prepared to show the independent monitor, the SEC, and the court that ISC is not paying for Loren Holzhueter's defense of the criminal charges against him.

ORDER

The SEC's objection, Dkt. 32, is OVERRULED, and partial payment of \$13,500 to Kravit, Hovel & Krawczyk, S.C., is approved.

March 27, 2015.

BY THE COURT:

/s/

JAMES D. PETERSON
District Judge